

## Message Text

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ORIGIN OES-04

INFO OCT-01 ARA-06 IO-10 ISO-00 ACDA-05 CIAE-00 INR-07

L-03 NSAE-00 NSC-05 EB-07 NRC-05 DODE-00 FEA-01

ERDA-05 /059 R

DRAFTED BY OES/NET/IM:DHOYLE

APPROVED BY OES/NET/IM:DHOYLE

ERDA - J. GARRETT

OES/NET/RD - H.BENGELSDORF

ARA/BR - R. ELTZ

----- 126645

P 252141Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

INFO AMCONSUL RIO DE JANEIRO PRIORITY

USMISSION IAEA VIENNA PRIORITY

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IAEA VIENNA PLS PASS TO MYRON KRATZER

E.O. 11652: NA

."

TAGS: TECH, BR

SUBJECT: CONDITIONAL ENRICHMENT SERVICES CONTRACTS

1. U.S. UTILITY, HOUSTON LIGHT AND POWER, IS PLANNING TO TERMINATE ITS TWO FIRM ENRICHMENT SERVICES CONTRACTS WITH ERDA. ONE OF THESE CONTRACTS INVOLVES A 1,200 MEGAWATT REACTOR WHICH HAS AN INITIAL DELIVERY DATE MATCHING THAT FOR ANGRA 2. THUS, IT TECHNICALLY WOULD BE IDEAL FOR ASSIGNMENT FOR ANGRA 2.

2. WE ARE AWARE THAT THUS FAR BRAZIL HAS RESISTED ANY SUGGESTION IT CONSIDER SUCH ASSIGNMENT, SO WE LEAVE IT TO LIMITED OFFICIAL USE

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POST'S DISCRETION AS TO WHETHER THIS POSSIBILITY SHOULD BE

CALLED TO NUCLEBRAS' ATTENTION. SHOULD YOU OPT TO DO SO, IT MIGHT BE POINTED OUT THAT UPON SUCH ASSIGNMENT, A SIGNEE REPLACES ORIGINAL CUSTOMER IN HIS RELATIONSHIP WITH ERDA AND, THUS, BRAZIL WOULD BE DEALING DIRECTLY WITH USG AGENCY AND NOT REPEAT NOT WITH U.S. UTILITY AS "MIDDLEMAN" ONCE ASSIGNMENT COMPLETED. ANY ACTION NEEDS TO BE UNDERTAKEN PROMPTLY, SINCE HOUSTON LIGHT AND POWER WILL HAVE TO MAKE ADVANCE PAYMENT SHORTLY AND WISHES TO TERMINATE BEFORE SUCH PAYMENT IS DUE.

3. IF ASSIGNMENT TOOK PLACE, ANGRA 2 WOULD HAVE FIRM ENRICHMENT SERVICES CONTRACT, SUBJECT ONLY TO ENTRY INTO FORCE OF APPROPRIATE AGREEMENT FOR COOPERATION. FURTHERMORE, SHOULD WE FAIL TO AGREE ON AN APPROPRIATE AGREEMENT, THERE WOULD BE NO FINANCIAL PENALTY TO BRAZIL FOR ACCEPTING SUCH ASSIGNMENT (E.G., ANY ADVANCE PAYMENTS WHICH HAD BEEN MADE WOULD BE RETURNED AND THERE WOULD BE NO TERMINATION PENALTY). WITH REGARD SUCH AGREEMENT, WE HOPE TO BE ABLE TO ADVISE EMBASSY AND BRAZILIANS WITHIN NEXT FEW WEEKS OF INITIAL STEPS WE ARE PREPARED TO TAKE IN THIS DIRECTION. OUR COMMENTS ON EMBASSY'S AIDE MEMOIRE AS PROPOSED BRAZILIA 7737, SEPTEMBER 5, WILL FOLLOW SHORTLY. KISSINGER

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## Message Attributes

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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 SEP 1975  
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**Disposition Case Number:** n/a  
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**Subject:** CONDITIONAL ENRICHMENT SERVICES CONTRACTS  
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